

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended October 31, 2009

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	17,699,556	316,061,240
Transportation Revenue	1,706,049	18,410,098
Other Operating Revenue	120,988	1,903,321
	<u>19,526,593</u>	<u>336,374,659</u>
Less: Natural Gas & Production Costs	12,207,227	227,841,610
Revenue Taxes	1,305,487	26,728,386
OPERATING MARGIN	<u>6,013,879</u>	<u>81,804,663</u>
OPERATING EXPENSES		
Distribution	893,101	10,243,766
Customer Accounts	455,072	5,969,231
Customer Service & Informational	64,848	839,109
Sales	1,428	15,304
Administrative & General	1,366,998	15,217,150
Depreciation & Amortization	1,207,508	14,529,628
Property, Payroll & Misc. Taxes	230,490	3,262,736
Federal Income Taxes	407,836	8,886,460
Total Operating Expenses	<u>4,627,281</u>	<u>58,963,384</u>
NET OPERATING INCOME	<u>1,386,598</u>	<u>22,841,279</u>
RATE BASE	<u>219,423,379</u>	<u>220,605,876</u>
RATE OF RETURN	<u>0.63%</u>	<u>10.35%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	516,467,643	512,316,753
Accumulated Depreciation	(252,882,017)	(247,872,796)
Net Utility Plant	<u>263,585,626</u>	<u>264,443,957</u>
Other:		
Contributions in Aid of Construction		
Customer Advances for Construction	(4,658,311)	(4,465,269)
Accumulated Deferred Income Taxes	(49,242,625)	(49,242,625)
Deferred Debits		-
Subtotal	<u>209,684,690</u>	<u>210,736,063</u>
Working Capital	<u>9,738,689</u>	<u>9,869,813</u>
TOTAL RATE BASE	<u>219,423,379</u>	<u>220,605,876</u>

All rate base items except accumulated deferred income taxes represent monthly average and average of monthly average balances. Accumulated deferred income taxes represent the end-of-period balance.

This report is derived directly from the amounts recorded on the books of the Corporation for the period covered, as adjusted for the depreciation adjustment prescribed in WUTC Order No. 991923. It reflects no ratemaking or other normalized adjustments.

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended November 30, 2009

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	27,634,690	312,392,426
Transportation Revenue	1,542,648	18,705,252
Other Operating Revenue	164,752	1,898,688
	<u>29,342,090</u>	<u>332,996,366</u>
Less: Natural Gas & Production Costs	18,974,142	223,903,221
Revenue Taxes	2,082,406	26,638,090
OPERATING MARGIN	<u>8,285,542</u>	<u>82,455,055</u>
OPERATING EXPENSES		
Distribution	847,949	10,248,252
Customer Accounts	419,787	6,081,923
Customer Service & Informational Sales	66,984	838,312
	-	15,304
Administrative & General	1,219,014	15,518,183
Depreciation & Amortization	1,207,718	14,539,897
Property, Payroll & Misc. Taxes	236,184	3,164,720
Federal Income Taxes	1,232,775	9,045,042
Total Operating Expenses	<u>5,230,411</u>	<u>59,451,633</u>
NET OPERATING INCOME	<u>3,055,131</u>	<u>23,003,422</u>
RATE BASE	<u>217,300,406</u>	<u>219,113,820</u>
RATE OF RETURN	<u>1.41%</u>	<u>10.50%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	516,394,955	512,802,699
Accumulated Depreciation	(253,716,697)	(248,664,426)
Net Utility Plant	<u>262,678,258</u>	<u>264,138,273</u>
Other:		
Contributions in Aid of Construction		
Customer Advances for Construction	(4,668,060)	(4,489,519)
Accumulated Deferred Income Taxes	(50,370,442)	(50,370,442)
Deferred Debits		-
Subtotal	<u>207,639,756</u>	<u>209,278,312</u>
Working Capital	<u>9,660,650</u>	<u>9,835,508</u>
TOTAL RATE BASE	<u>217,300,406</u>	<u>219,113,820</u>

All rate base items except accumulated deferred income taxes represent monthly average and average of monthly average balances. Accumulated deferred income taxes represent the end-of-period balance.

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Total Washington

	Month ended			12 months ended		
	Oct 2009	Nov 2009	Dec 2009	Oct 2009	Nov 2009	Dec 2009
GAS SALES						
480 Residential Sales	9,429,202	15,962,474		170,507,873	168,999,058	
481 Commercial - Interruptible Sales	8,270,354	11,672,216		145,553,367	143,393,368	
TOTAL GAS SALES	17,699,556	27,634,690		316,061,240	312,392,426	
OTHER OPERATING REVENUE						
4880 Miscellaneous Service Revenues	110,446	153,182		1,694,998	1,700,093	
4890 Rev. From Transp. of Gas of Others	1,706,049	1,542,648		18,410,098	18,705,252	
4930 Rent From Gas Property	200	1,707		10,029	10,778	
4950 Other Gas Revenue	10,342	9,863		198,294	187,817	
495.1 Overrun Penalty Income	-	-		-	-	
TOTAL OTHER OPERATING REVENUE	1,827,037	1,707,400		20,313,419	20,603,940	
* TOTAL OPERATING REVENUE *	19,526,593	29,342,090		336,374,659	332,996,366	
NATURAL GAS PURCHASED						
804 Natural Gas City Gate Purchases	12,976,967	18,685,661		199,539,856	198,649,206	
805 Other Gas Purchases	-	-		-	-	
805.1 Purchased Gas Cost Adjustments	(962,764)	123,851		28,969,055	26,189,616	
808.1 Gas Withdrawn From Storage	934,034	172,601		10,732,170	10,292,252	
808.2 Gas Delivered To Storage	(739,241)	(3,116)		(11,320,796)	(11,151,020)	
812 Gas Used For Other Utility Oper.	(1,768)	(4,855)		(78,676)	(76,833)	
TOTAL NATURAL GAS PURCHASED	12,207,227	18,974,142		227,841,610	223,903,221	
408.5 Revenue Taxes	1,305,487	2,082,406		26,728,386	26,638,090	
* OPERATING MARGIN *	6,013,879	8,285,542		81,804,663	82,455,054	

Total Washington

	Month ended			12 months ended		
	Oct 2009	Nov 2009	Dec 2009	Oct 2009	Nov 2009	Dec 2009
DISTRIBUTION EXPENSES						
Operation						
870 Oper., Supervision & Engineering	51,610	29,809		405,476	382,497	
871 Distribution Load Dispatching	76,589	73,696		910,752	908,613	
872 Compressor Station	528	669		3,184	2,969	
874 Mains & Services Exp.	167,000	130,254		1,935,236	1,941,795	
875 Meas. & Reg. Stat. Exp.-Gen.	22,222	31,119		329,526	338,184	
876 Meas. & Reg. Stat. Exp.-Ind.	12,535	11,378		182,798	177,529	
878 Meter & House Regulator Exp.	104,136	80,333		1,188,279	1,193,202	
879 Customer Installations Exp.	125,764	119,168		1,166,640	1,189,918	
880 Other Exp.	145,285	181,247		1,862,264	1,860,909	
881 Rents	4,989	2,421		65,226	59,057	
882 Transportation Exp.	-	-		-	-	
	<u>710,659</u>	<u>660,094</u>		<u>8,049,380</u>	<u>8,054,673</u>	
Maintenance						
885 Supervision & Engineering	-	-		94	94	
886 Structures & Improvements	378	3,636		18,008	18,364	
887 Mains	46,645	48,796		567,887	544,664	
8880 Compressor Station	172	120		1,481	996	
889 Meas. & Reg. Equip.-Gen.	21,291	17,936		300,043	295,300	
890 Meas. & Reg. Equip.-Ind.	7,033	4,915		48,213	52,417	
892 Services	47,232	47,067		452,573	455,763	
893 Meters & House Regulators	38,381	39,284		612,053	606,365	
894 Other Equipment	21,309	26,101		194,035	219,617	
	<u>182,442</u>	<u>187,856</u>		<u>2,194,386</u>	<u>2,193,579</u>	
TOTAL DISTRIBUTION EXPENSES	<u>893,101</u>	<u>847,949</u>		<u>10,243,766</u>	<u>10,248,252</u>	
CUSTOMER ACCOUNTS EXPENSES						
901 Supervision	4,085	4,347		33,858	35,977	
902 Meter Reading Exp.	30,934	26,247		402,029	403,995	
903 Cust. Records & Collection Exp.	270,392	269,242		3,279,457	3,318,735	
904 Uncollectible Accounts	158,113	115,517		2,191,536	2,262,862	
905 Misc. Exp.	(8,451)	4,434		62,351	60,354	
TOTAL CUSTOMER ACCOUNTS EXP.	<u>455,072</u>	<u>419,787</u>		<u>5,969,231</u>	<u>6,081,923</u>	

Total Washington

	Month ended			12 months ended		
	Oct 2009	Nov 2009	Dec 2009	Oct 2009	Nov 2009	Dec 2009
CUSTOMER SERVICE AND INFORMATIONAL EXP						
907 Supervision	(1,903)	232		933	860	
908 Cust. Assistance Exp.	66,667	66,667		803,369	802,908	
909 Info. & Instr. Advertising Exp.	85	85		21,498	21,236	
910 Misc. Cust. Serv. & Info. Exp.	-	-		13,308	13,308	
TOTAL CUST. SRVC. & INFO. EXPENSES	64,848	66,984		839,109	838,312	
SALES EXPENSES						
911 Supervision	-	-		-	-	
912 Demonstrating & Selling	-	-		(0)	(0)	
913 Advertising	1,428	-		15,304	15,304	
916 Misc. Sales Exp.	-	-		(0)	(0)	
TOTAL SALES EXPENSES	1,428	-		15,304	15,304	
ADMINISTRATIVE AND GENERAL EXPENSES						
920 Admin. & General Salaries	363,345	439,295		6,018,582	6,266,512	
921 Office Supplies & Exp.	412,651	188,167		3,310,334	3,347,400	
923 Outside Services Employed	89,845	98,958		934,589	1,028,032	
924 Property Insurance	5,870	5,637		58,246	54,715	
925 Injuries & Damages	109,296	220,534		857,258	1,009,117	
926 Employee Pensions & Benefits	311,381	157,494		2,824,710	2,743,021	
928 Regulatory Commission Exp.	-	-		(0)	(0)	
930.1 General Advertising Exp.	3,402	1,523		12,026	13,354	
930.2 Misc. General Exp.	80,547	107,755		1,874,552	1,555,378	
931 Rents	1,002	1,595		25,189	26,076	
932 Maintenance of General Plant	28,742	37,256		255,023	268,299	
	1,406,080	1,258,214		16,170,510	16,311,903	
922 Capitalized Exp.	(39,082)	(39,200)		(953,360)	(793,721)	
TOTAL ADM. & GEN. EXPENSES	1,366,998	1,219,014		15,217,150	15,518,183	
TOTAL O & M EXPENSES (Excluding Gas Cost and Production Cost and Revenue Taxes)	2,781,447	2,553,734		32,284,559	32,701,975	

Total Washington

	Month ended			12 months ended		
	Oct 2009	Nov 2009	Dec 2009	Oct 2009	Nov 2009	Dec 2009
DEPRECIATION AND AMORTIZATION						
403 Depreciation Expense	1,207,508	1,207,718		14,420,972	14,485,553	
Propane Air Plant	-	-		-	-	
Telemetry	-	-		-	-	
Meters & Regulators				108,656	54,344	
Central Stores Warehouse	-	-		-	-	
General Office	-	-		-	-	
407.1 Amortization of Property Losses	-	-		-	-	
TOTAL DEPRECIATION AND AMORTIZATION	1,207,508	1,207,718		14,529,628	14,539,897	
407.3 Regulatory Debits	-	-		-	-	
TAXES OTHER THAN INCOME TAXES						
408.1 Property, Payroll and Misc. Taxes	230,490	236,184		3,262,736	3,164,720	
INCOME TAXES - OPERATING						
409.1 Federal Inc Taxes, Util Oper Inc	300,289	53,465		4,740,175	4,959,491	
409.1 State Income Taxes, Util Oper Inc	-	-		-	-	
410.1 Provision For Defer'd Fed Inc Tax	113,324	1,185,087		4,199,329	4,136,825	
410.1 Provis'n For Defer'd State Inc Tax	-	-		-	-	
411.1 Prov For Deferred Inc Tax - Credit	-	-		-	-	
411.4 Investment Tax Credit Adjustments	(5,777)	(5,777)		(53,045)	(51,274)	
TOTAL INCOME TAXES - OPERATING	407,836	1,232,775		8,886,460	9,045,042	
* TOTAL OPERATING EXPENSES *	4,627,281	5,230,411		58,963,383	59,451,634	
* TOTAL OPERATING INCOME *	1,386,598	3,055,131		22,841,280	23,003,421	

CASCADE NATURAL GAS CORPORATION

QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	2009 Oct	2009 Nov	2009 Dec	2009 Oct	2009 Nov	2009 Dec
Residential	7,698,422	13,525,714	21,680,368	116,736,239	118,326,456	118,196,013
Commercial	6,064,975	9,021,767	16,027,437	91,940,863	92,524,320	92,808,479
Industrial Firm	1,258,640	906,312	1,236,017	11,153,787	11,003,651	10,861,916
Core Interruptible	442,261	526,246	701,728	5,549,142	5,440,706	5,415,774
Noncore	65,628,911	54,585,892	62,614,694	647,289,842	662,724,980	674,560,451
TOTAL WASHINGTON	81,093,209	78,565,931	102,260,244	872,669,873	890,020,113	901,842,633

	AVERAGE CUSTOMERS		
	2009 Oct	2009 Nov	2009 Dec
Residential	165,779	167,030	168,135
Commercial	23,636	23,786	23,959
Industrial Firm	364	363	362
Core Interruptible	15	15	15
Noncore	177	177	178
TOTAL WASHINGTON	189,971	191,371	192,649